

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

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FM AMEMBASSY BUENOS AIRES

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LIMITED OFFICIAL USE BUENOS AIRES 5732

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJ: GOMEZ MORALES ON PRICE POLICY AND CREDIT

1. IN RECENT PRESS STATEMENT CENTRAL BANK PRESIDENT GOMEZ MORALES WAS SHARPLY CRITICAL OF CGE PRESSURE FOR MORE CENTRAL BANK CREDIT TO COVER FINANCIAL BURDEN OF EXTRA MID YEAR BONUS PAYMENT (AGUINALDO) AND OTHER PAYMENTS. GOMEZ MORALES STATED BLUNTLY CENTRAL BANK EMISSION ALREADY HIGH; MORE CREDIT NOW WOULD ADD TO INFLATIONARY PRESSURE. HE SUGGESTED NOT SO DISCREETLY THAT FINANCIAL PROBLEMS FACING CGE COMPANIES ARE NOT DUE TO CENTRAL BANK CREDIT POLICY BUT TO ENTIRE PRICE POLICY.

2. COMMENT: THIS IS ONE OF STRONGEST STATEMENTS WE HAVE YET SEEN FROM GOMEZ MORALES, WHO IS KNOWN TO BE AT ODDS WITH ECON MIN GLEBARD (FORMER PRESIDENT OF CGE) ON SEVERAL ISSUES OF ECONOMIC AND IS CONCERNED OVER RATE OF MONETARY EXPANSION. FACT THAT HE FELT ABLE TO MAKE SUCH PUBLIC STATEMENTS MAY MEAN HE CONSIDERS GLEBARD'S DAYS ARE NUMBERED. GOMEZ MORALES NAME HAS BEEN INCREASINGLY PROMINENT IN NEWS OF LATE, WHICH SEEMS TO INDICATE HIS POSITION HAS BECOME STRONGER WITHIN GOA ECONOMIC TEAM. SOME SEE FURTHER SHAKEUP IN ECONOMIC TEAM COMING SOON WITH GOMEZ MORALES A POSSIBLE SUCCESSOR TO GLEBARD.

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Message Attributes

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